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Rev (1948) Department.

SERIES.

G.O. No. 119

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[Despatch Abstract.]

ADMINISTRATION REPORTS : 1946-47 : MADRAS GENERAL SALESTAX ACT 193

PUBLICATION.

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GOVERNMENT OF MADRAS
Abstract
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ADMINISTRATION REPORTS - 1946-47 - Madras General Sales Tax Act, 1939 - Publication.

Revenue Department.

G.O. (Ps) No. 119 Dated, the 20th January 1948

READ - the following:

Proceedings of the Board of Revenue, Mis. No. 1653 dated the 2nd December 1947.

S. Ranganathan, Esq., O.B.E., I.C.S.,
Commissioner of Land Revenue, and Commercial Taxes.

Read: Reports from Commercial Tax Officers and Deputy Commissioners of Commercial Taxes.

Resolution Mis. No. 1653 dated 2nd December 1947:

The Board submits the following report on the wrokig of the Madras General Sales Tax Act, 1939, for the year 1946-47.

2. The Madras General Sales Tax Act, the Madras Entertainment Tax Act, and the Madras Sales of Motor Spirit Taxation Act and the Foodgrains Control Order continued to be administered by the Commercial Tax Department throughout the period.

This temporary department constituted for the administration of the Commercial Taxes Act continued to be under the Commissioner of Commercial Taxes, a Member of the Board of Revenue. There are three Deputy Commissioners assisting the Commissioner in the matter of administration of the Commercial Taxes Acts and in the control and inspection of the subordinate offices. There have been no changes in their jurisdiction during the year. They have been exercising revisional powers under rule 14 (3) of the Madras General Sales Tax Rules. 1939.

3. STATEMENT No. 1 appended to this report shows the number of licences of each kind current on 31st March 1947 and the amount of licence fees derived by the Government. Statement No. II shows the number of dealers assessed during the year. There is an all-round increase in the number of licensees and assessees. Statement No. III shows the demand, collection and balance of tax and that of miscellaneous revenue during the year.

During the year, the geneal salestax was levied at the following rates:

(i) Lower slab-rate: Rs. 8 per mensem on turnover exceeding Rs.10,000 but below Rs. 15,000 - (Section 3 (1) (a)

(ii) Higher slab-rate: Rs. 12 per mensem on turnovers exceeding Rs. 15,000 but below Rs. 20,000 - Section 3 (1) (a

(iii) Percentage rate: One per cent of the turnover if it exceeds Rs. 20,000 - Section 3 (1) (b),

The total demand of tax including arrears was Rs. 7,91,63,011 of which a sum of Rs. 7,05,94,838 was collected during the year leaving a balance of Rs. 85,68,173. The balance represents 10.82 per cent of the total demand as against 8.77 per cent during the year 1945-46. The penal provisions of the Act were invoked in 14,572 cases.

In 201 cases assistance of the Revenue department was sought for the the realization of arrears of tax under the provisions of section 10 of the Act.

There was generally no difficulty in the matter of collection work. The collection work of bill-collectors was generally satisfactory. In one case of misappropriation by a bill-collector at Mettupalayam in Coimbatore district he was removed from service and in another case of temporary misappropriation in East Godavari suitable disciplinary action was taken against him. The work of the village officers especially

of those in receipt of remuneration was more satisfactory than in the past. Delays in remitting collections into the treasry were noticed in some cases and suitable action was taken against the persons responsible. Cases of slackness in collection work were also dealt with suitably. Cases of misappropriation by the headmen of salestax revenue were noticed in the year in the districts of Vizagapatam, East Godavari, Guntur and Chingleput and suitable action was taken in all the cases. The system of additional remuneration to the headmen for attending to Commercial Taxes work is working satisfactorily.

Statement IV-A, IV-B and IV-C show the number of appeal and revision petitions received and disposed of by the Commercial Tax Officers, Deputy Commissioners (Commercial Taxes) and the Board of Revenue respectively. Statements No. V-A & and V-B show the number of cases in which the penal provisions of the Act were resorted to.

4. TAXATION ON THE BASIS OF SALES AND PURCHASE: Rules 4 (1) and (2) of the Turnover and Assessment Rules providing for the levy of tax from the buyers in the case of some commodities and sellers in the case of all other commodities worked satisfactorily during the year. There has, however, been some difficulty in the Malabar district, in the realisation of tax from the non-resident dealers, i.e. from residents of State Cochin doing buiness in India-Cochin without a place of business in India.

The concessions granted under section 7 under rule 18 were freely availed of during the year.

Rule 5 (1) OF THE TURNOVER AND ASSESSMENT RULES 1939: This is working satisfactorily except for slight difficulties in respect of taxing untanned hides of skins and in the deduction of tax under clause (b) read with rule 18 (1).

WORKING OF SECTION 5: The system of licensing dealers continued to work satisfactorily.

Certain jewel manufacturers manufacturing silver and gold vessels and ornaments are exchanging them with wholesale dealers for bullion and are showing only the manufacturing charges in their accounts. Such dealers have been tackled properly by the Assessing Authorities.

Free licences continued to be issued for dealing in handloom cloth and penalty licences were issued in all deserving cases. There is a general tednency on the part of cloth dealers to separate their business in millmade cloth so that they might get exemption on handloom cloth. Such cases are being dealt with on merits in conformity with the rules on the subject.

WORKING OF SECTION 6: The working of the concession is on the whole satisfactory. The chain of transactions was continued to be watched carefully and evasions were tackled effectively.

SECTION 8: The administration of the exemption under this section is presenting considerable difficulty. There were several cases in which these commission agents were assessed to tax for infringing conditions of licence in East Godavari, West Godavari and Kistna districts. The method of encountering several difficulties in administration is engaging the attention of the Government.

REBATE UNDER SECTION 7: Statement No. VI gives particulars of finished articles of industrial manufacture delivered outside the Province and the rebate sanctioned under section 7 of the Act. A sum of Rs. 87,789 was allowed as rebate during 1946-47.

FOREIGN DEALERS: The agents of non-resident dealers were assessed to tax and there was no appreciable difficulty in giving effect to explanation (2) to section 2 (b) of the Act.

REVISION OF ASSESSMENTS: The assessments were revised under rules 17 (1), 17 (2) and 18 of the Madras General Sales Tax Rules, 1939 in 1197, 471 and 62 cases respectively.

MAINTENANCE OF ACCOUNTS: The maintenance of accounts by dealers in general is generally satisfactory except in cases of agency business. The Commercial Tax staff has, owever, to depend entirely on the Gujarathi clerks for the most important work of assessment in respect of Gujarathi and Marwari dealers.

(NOTE: The Act has since been amended so as to require dealers to maintain accounts in one of the provincial languages or in English.)

SUITS: There were 23 suits against the Government. Fourteen of them were pending at the end of the year; 8 cases were decided in favour of the Government and one case relating to agency transactions was decided against the Government.

East Godavari.	..	1
West Godavari.	..	10
Kistna.	..	2
North Madras.	..	4
Tinnevelly.	..	1
Coimbatore.	..	3
South Kanara.	..	2
T o t a l.	..	23

CO-OPERATION OF OTHER DEPARTMENTS: The Commercial Tax staff had no occasion to request the aid of either the Police or Excise Departments. The co-operation of the Revenue department in the matter of collection of tax under the provisions of section 10 is satisfactory.

The Military, Railways, Customs and the Income Tax departments. continue to give necessary facilities and access to their accounts to the Commercial Tax Staff for the purposes of cross check and detection of evasions. The Government have addressed the Central Government on the question of similar access in respect of postal records also.

OFFICES AND CONTROL OF OFFICES: The offices of the Assistant Commercial Tax Officers and Deputy Commercial Tax Officers were inspected by the Commerical Tax Officers systematically and the defects noticed were got rectified.

All Offices of the Commercial Tax Officers except those at Chingleput, South Arcot and Malabar were inspected by the Deputy Commissioners during the year. Several subordinates offices were also inspected by the Deputy Commissioners. The inspection reports of the Deputy Commissioners were reviwed by the Commissioner of Commercial Taxes.

The Commissioner of Commercial Taxes inspected the offices of the Commercial Tax Officers at Tinnevelly and Madura during the year.

GENERAL: The experience gained during the past 7 years both by the Commercial Tax Staff and the merchant public contributed to a smooth working of the Act. No insuperable difficulty was experinced in the administration of the Act and in the collection of revenue. Evasions were noticeable mostly on the part of Commission agents licensed under section 8 of the Act and they were assessed for breach of conditions of licence. The special staff appointed for detection of evasions under the Act turned out good work.

A comparative statement of licensees, assessees, demand, collection and balance, and the strength of the staff in the years 1945-46 and 1946-47 is also enclosed. It shows that there is increase in the number of dealers and licensees and in revenue without any increase in the staff. It is commendable that in spite of the heavy work, the Commercial Tax Staff have carried out their duties well. Incompelent officers are being weeded out and reverted.

(True extract)

MD. SULTAN MOHIEDIN HUSSIAN
Additional Joint Secretary.

To the Secretary to Government, Revenue Department (with enclosures).

ORDER:

R e c o r d e d .

2. The administration of the Act and collection of the tax continued to be satisfactory.

(By order of His Excellency the Governor)

P.S. VISWANATHA AYYAR
Joint Secretary to Government.

To the Board of Revenue. ..
To the Accountant-General. ..
To the Finance Department. ..
To all Commercial Tax Officers. ..
To all Collectors. ..
To the Deputy Commissioners of Commercial Taxes, Central, Northern and Southern Divisions.

/True copy/

R. Thiagarajan 26.11

Office Assistant,
Madras Record Office, Egmore.

Sk.

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